

Environmental Requirements and Market Access for Developing Countries

Andrew Stevenson, UNCTAD secretariat
Trade, Environment and Development
Branch

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Overview

1. ERHRs: definition, trends and key problems
2. ERHRs & WTO
3. Example of EurepGAP
4. Elements of a strategic response

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Factual Basis

Focus on agricultural exports

Building Capacity for Improved Policy Making and
Negotiation on Key Trade and Environment Issues

Consultative Task Force on Environmental
Requirements and Market Access for Developing
Countries (CTF)

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Definition of ERHRs

- Difficult to clearly define and capture
 - Mandatory or voluntary; Governments, companies or NGOs
 - Physical characteristics, production processes, or both
 - Numerous policy objectives
 - ERs as shorthand for ERHRs

E.g. Pesticide residues

- Health and food safety - consumers
- Occupational safety - workers
- Environmental concerns

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Main Trends in ERHRs

- Numerous, stringent, complex, and multi-dimensional.
- 'Voluntary' → *de facto* mandatory.
- 5,000 products: 90% subject to ERHRs.
- High impact in sectors where DgCs are very competitive
- Shift to risk-avoidance and precaution.
- Lack of international standards and technical equivalence.

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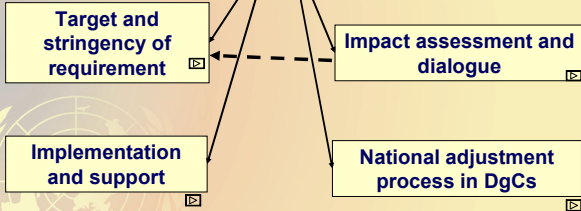
Concerns of Developing Countries

- Discriminatory application (NTBs)
- Anti-competitive practices
- Lack of capacities
- Threat to comparative advantage of DgCs.
- Marginalisation of weaker economic players
- Inadequate support from standard-setters and donors.

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Impact of ERs

Trade/Development impact depends on:



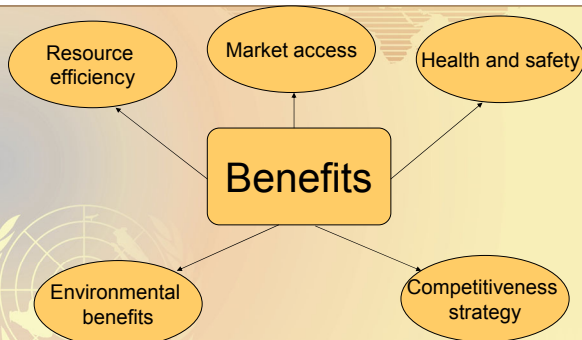
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Costs of Compliance

- E.g. tomato growing (10ha.) in Morocco
 - Direct compliance costs: roughly 12% of farm production costs
 - Institutional costs, distributional effects, risks
- Evaluation of costs/benefits needed

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Benefits of Compliance




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ERHRs and the WTO

Four sets of problems:

- 
1. Institutional capacity needed.
 2. Notification and transparency requirements need to be further improved.
 - Access to and format of information
 - Differentiate between complex and simple ERs
 3. Justification and the role of scientific evidence under TBT / SPS
 4. Voluntary standards only indirectly covered

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EurepGAP Standards

- Fruits and vegetables
- Flowers and ornamentals
- Integrated farm assurance
- Integrated aquaculture assurance
- (Green) Coffee



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EUREPGAP Protocol for Fresh Produce

Food Safety

Traceability
Record Keeping
Internal Self-Inspection
Harvesting
Produce Handling
Fertilizer Use
Crop Protection

Environmental

Varieties & Rootstock
Site History & Site Management
Irrigation & Fertilisation
Waste & Pollution Management,
Waste-Recycling & Re-use
Environmental Issues

Social Responsibility

Worker Health, Safety & Welfare

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Advantages of EUREPGAP



- Harmonization
- Local adaptation through interpretive guidelines.
- Equivalence of standards through benchmarking.
- Group certification and local certifiers.
- Better transparency of individual retailers
- Potential benefits (reduced input use, better safety, soil fertility etc.)

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Disadvantages of EUREPGAP

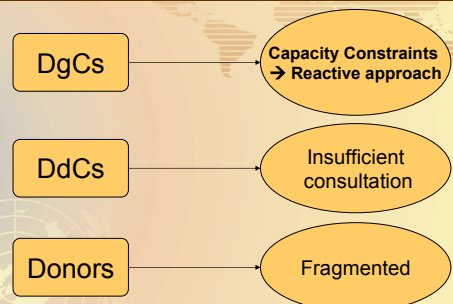
- Risk of marginalization of small producers.
- Supply-chain governance implications.
- Passes on risk management costs.
- No price premium for compliance.
- EurepGAP becoming important for access to high-end domestic markets
- Revision of EurepGAP standard every three years

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Coping with ERHRs: Problems



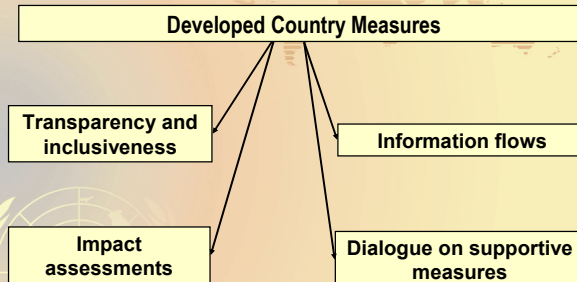
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Responsibilities for meeting ERHRs

- Shared: DgCs for action, DdCs for support of participation
- DdCs: (ex-ante) assessment, design, active consultation.
- DgCs: Regulation, infrastructure, strategic response.
- e.g. EU: ochratoxin A 3ppb → 5ppb, \$160m per annum

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Measures by Importing DdCs



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A shift in approach

Fire-fighting, reactive approach



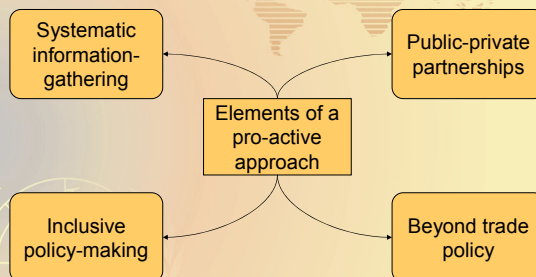
Pro-active, strategic approach

INVOLVES:

- Weighing long-term costs and benefits.
- Active participation in consultations and revision.
- Particular consideration of smallholders and SMEs.

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DgCs: Adjustment strategies (1)



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DgCs: Adjustment strategies (2)

- Kenyan experience: successful in securing supply-chain position/upgrading..
- ..but industry concentration
- GAP codes: 1- or 2-step approach
- Careful weighing of all costs and benefits of targeting export markets

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Organic Agriculture - Opportunities



Photograph: IFOAM

- Trade & Sustainable Development opportunity for DgCs
- A good 'fit' for Africa?
- Enables compliance with some ERHRs
- Environmental, social and food-security benefits
- Price premiums

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Organic Agriculture - Challenges



- Certification costs
- Standards sometimes inappropriate for DgCs
- Distorted markets
- Lack of knowledge, training and support
- Supply-chain relationships may move to conventional model

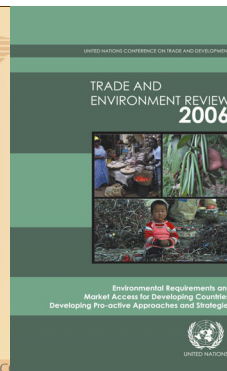
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TER 2006

UNCTAD's Trade and Environment Review 2006: Environmental Requirements and Market Access

www.unctad.org/trade_env

andrew.stevenson@unctad.org



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UNCTAD Consultative Task Force

- Holistic, development-oriented approach.
- Includes voluntary requirements.
- Wider range of stakeholders than WTO debates.
- Regular exchange of information among TA agencies and initiatives

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CTF Activities

- Working group on internet portal.
- Horticulture and EEE sectors.
- Exchange of national adjustment experiences.
- Country and sector-focused analysis.

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